

Industry Sector Analysis

Growth, Core, and Competitive-Advantage Industries



Berrien-Cass-Van Buren

Berrien, Cass, and Van Buren Counties

**A Regional Profile
Prepared by:**

**Michigan Department of Labor & Economic Growth
Bureau of Labor Market Information and Strategic Initiatives**

Introduction

Information is a key to the creation of a 21st century workforce. Developing a successful regional strategy requires a clear understanding of the scope of the regional economy, as well as the ability to identify key industries or clusters of industries with real significance to the regional economy.

The Bureau of Labor Market Information & Strategic Initiatives within the Department of Labor & Economic Growth produces a substantial volume of data on local economies and regional labor markets. This profile provides information on current labor market economic indicators and key industries for the local region.

Current Labor Market Indicators and Industry Job Trends

Page 4 of the profile presents information on **Current Labor Market Indicators**. This table compares regional performance with state and national trends and includes the current jobless rate, per capita income, and the average weekly wage for private sector industries. The rate of change is calculated over the past two years for population and labor force as well as the growth rate for private industry jobs. Also provided in the table is the expected ten-year forecast growth rate for jobs in all industries. These indicators provide some of the necessary information to evaluate the overall performance of the regional economy as it compares to the state and national economy.

Industry Job Trends on Page 5 is a chart containing the two-year growth rate in employment for several major industry sectors. This allows a comparison of the pace of local job gains with Michigan, and quickly identifies local industry sectors with recent job gains or losses. **Industry Job Distribution**, a chart on Page 6, presents the percent distribution of jobs in each of the major industry sectors. This is important because the share of jobs by industry is a key determinant of overall income in a region. Large shares of jobs in high wage sectors will produce an above average income stream for a region. Additionally, these shares help demonstrate the diversity of a regional economy. The chart gives a quick identification of local industries with job shares above or below statewide averages.

Profile of Regional Industries

Various regional and national indicators were used to sort the local area's detailed industries into five distinct categories: growth, declining, core, developing, and competitive-advantage industries. A description of each element follows.

The table of **Growth Industries** presents regional industries with faster than average employment gains since 2004. The **Declining Industries** table lists regional industries with declining employment.

Core Industries identify industries with a higher share of jobs in the local economy than the same industry produces in the national economy. If a region has a greater than average share of jobs in a given industry, that industry may be a core sector because it is generating jobs above and beyond what is typically needed to support local needs. This makes a core industry important because it is often a base industry that brings income from outside the region, thus generating additional local jobs throughout other sectors. A core industry can also form the basis for a regional industry cluster, as suppliers and other

support service firms locate in the region because of its presence. One should note that a core industry does not necessarily record job growth. Although employment growth is an important variable to look at, regional strategies can be built around an industry of critical local importance, even if recent job trends have not been positive.

Developing Industries are defined as industries whose regional share of jobs is advancing faster than the average for that industry nationally. In other words, these industries locally are outpacing the nation in terms of job growth. A developing industry may represent an emerging sector with potential steady gains in regional importance.

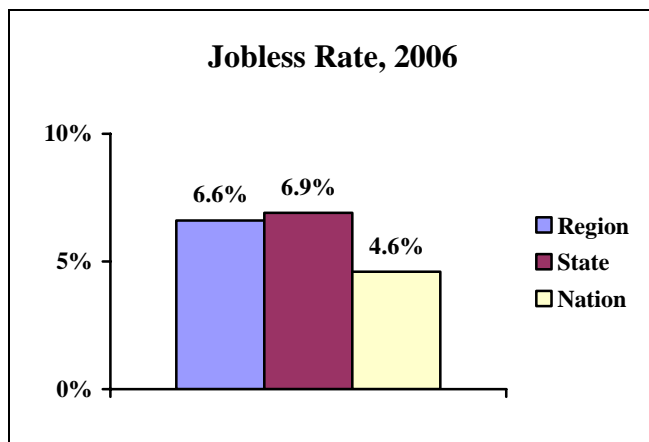
Competitive-Advantage Industries are especially attractive because they rank high in several important variables beneficial to the regional economy and its workforce. They have a high combined rank in wage, employment size, employment growth and competitive employment performance. The importance of competitive-advantage industries is clear; they represent a combination of good economic indicators; are likely to have a local employment performance above what would be expected from national trends, supply some jobs with positive wages, provide a reasonably high number of jobs locally, and may have a good growth trend.

For further information on the Berrien-Cass-Van Buren Region, please contact:

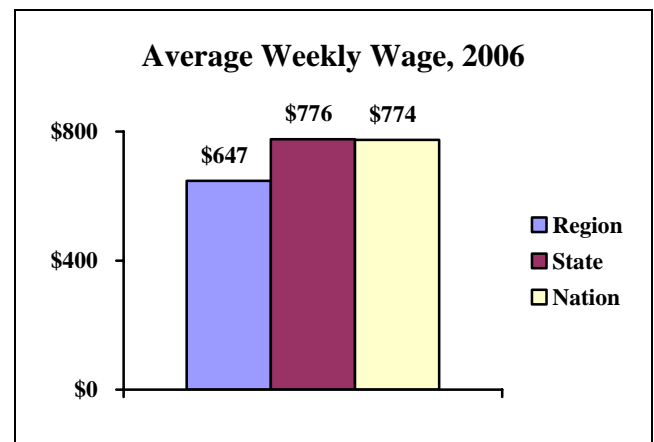
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CURRENT LABOR MARKET INDICATORS

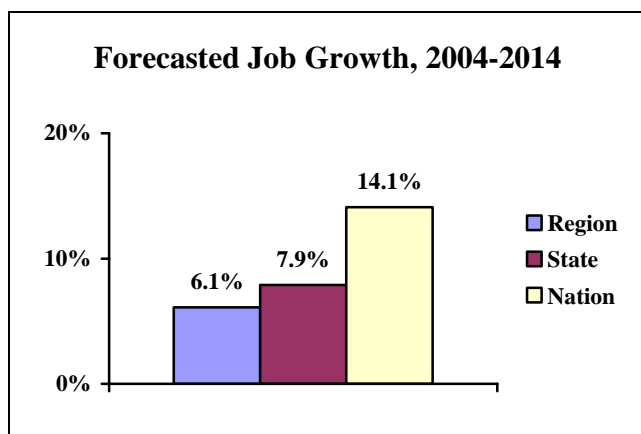
	Change (2004 to 2006)			Jobless Rate (2006)	Weekly Wage (2006)	Per Capita Income (2004)	Forecast Job Growth (2004-2014)
	Population	Labor Force	Industry Jobs				
Region	-0.5%	+2.1%	-0.8%	6.6%	\$647	\$27,631	+6.1%
State	0.0%	+0.6%	-1.2%	6.9%	\$776	\$32,079	+7.9%
Nation	+2.0%	+2.7%	+4.0%	4.6%	\$774	\$33,050	+14.1%



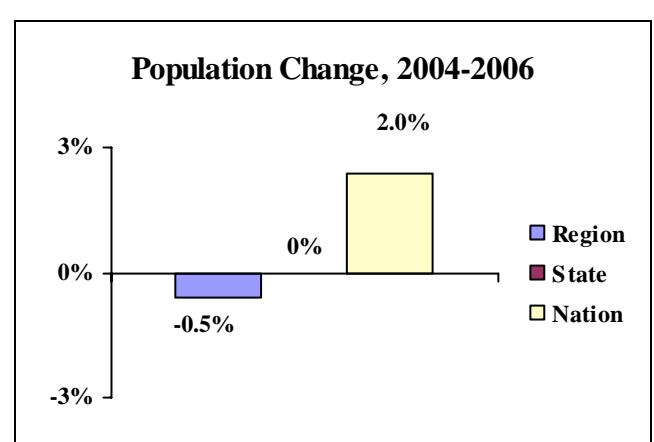
The region's jobless rate was three-tenths of a percentage point lower than the statewide average. The area continued to lose jobs in manufacturing and in retail and wholesale trade. Together, these three sectors represent over 44 percent of the region's private industry jobs.



At \$647, the Berrien-Cass-Van Buren region's average weekly wage was comparable to wages in other areas of Southwest Michigan (and around 17 percent below the state average). High regional manufacturing wages were moderated by low wages in retail trade and accommodation and food services.

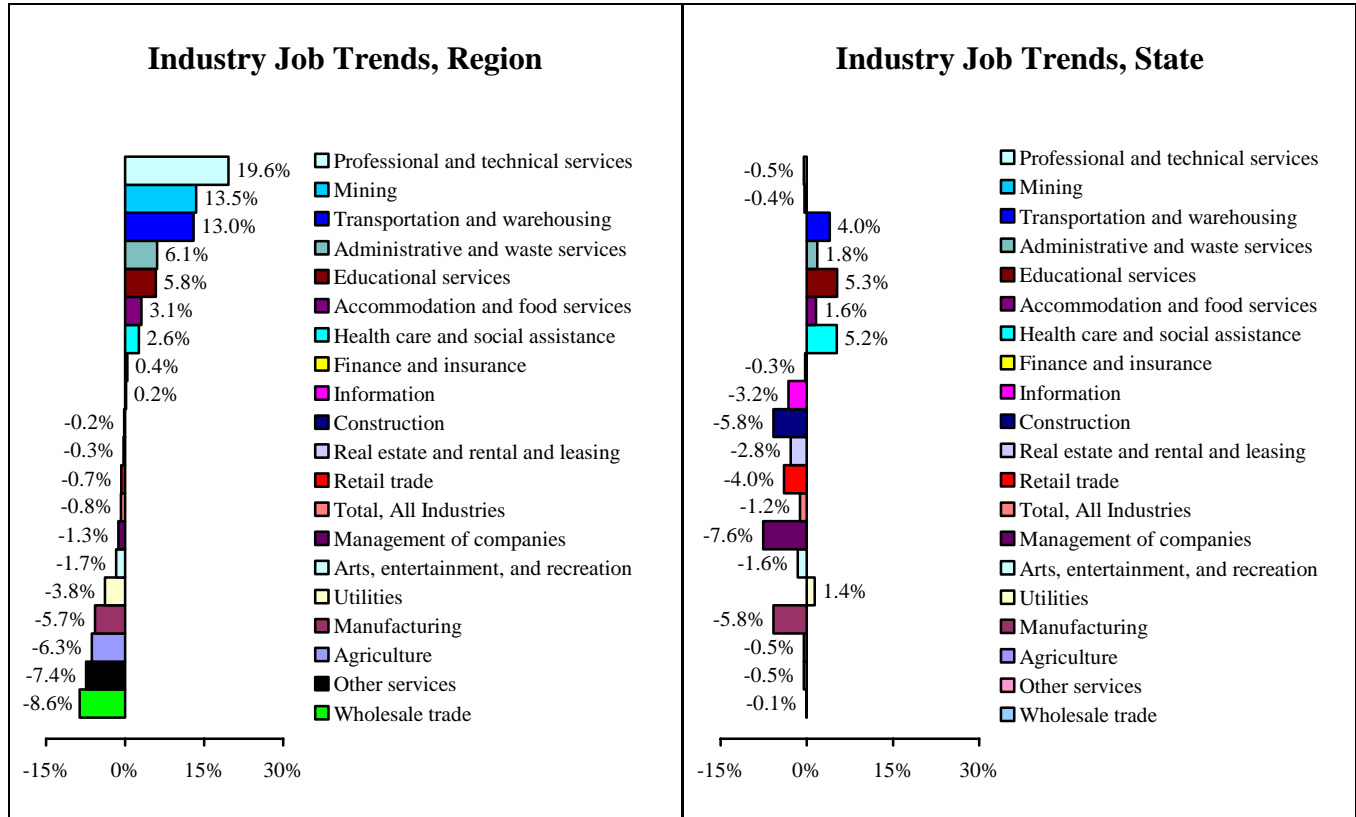


Regional industry jobs are expected to expand at close to two percentage points below the state's growth rate. The area will gain jobs in administrative services, health and social services, and recreational services. Manufacturing jobs will remain flat.

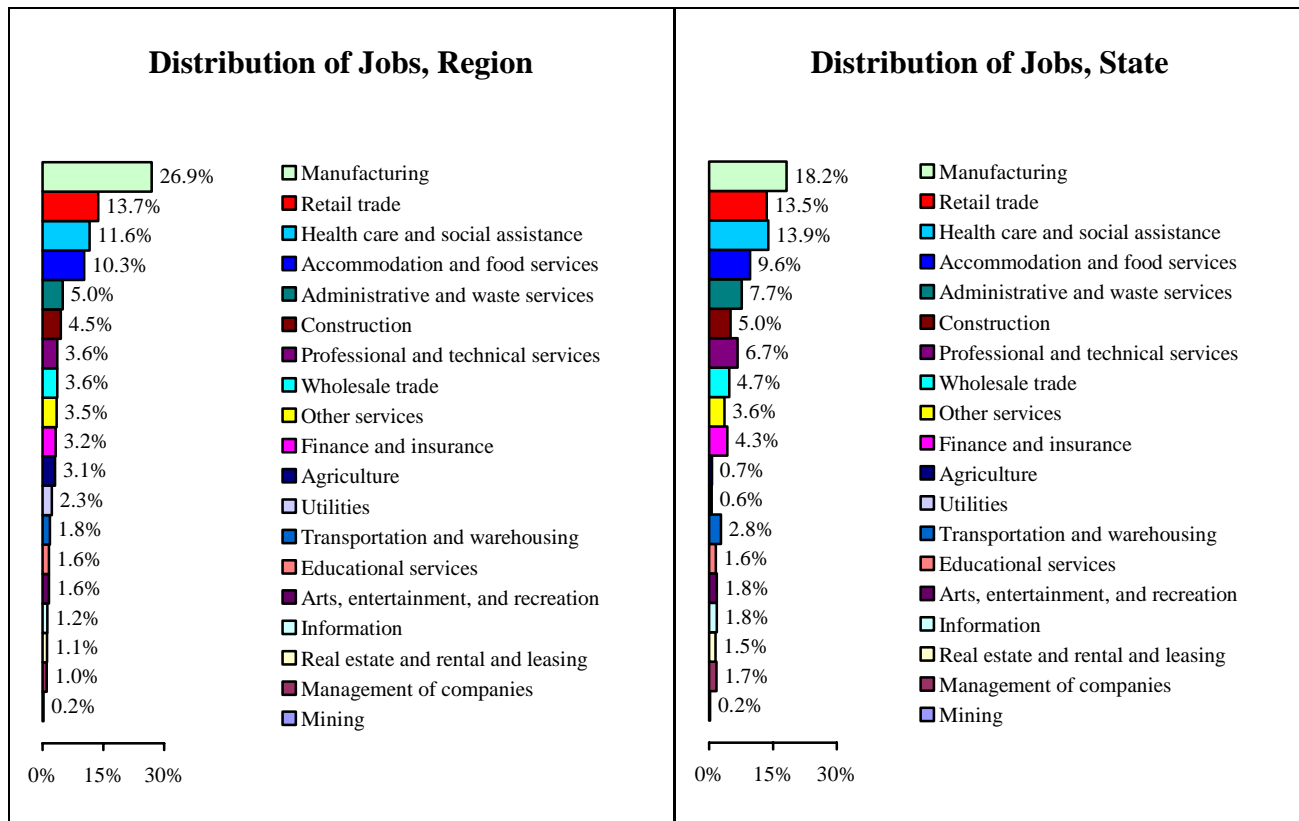


The region's population loss was due to low natural population growth (births net of deaths) and a high rate of net migration out of the region.

INDUSTRY JOB TRENDS (2004 –2006)



- As the nation switches from a manufacturing-based to a service-based economy, so are economies of states and local areas. The Berrien-Cass-Van Buren region is no exception: the area recorded job gains in certain service sectors, while manufacturing jobs continued to decline.
- Service sectors that registered employment expansion above the statewide average include *Professional and Technical Services*, *Mining*, *Transportation and Warehousing*, *Administrative and Waste Services*, and *Accommodation and Food Services*. *Educational Services* matched the statewide rate of gain, while the area's job growth rate in *Health Care and Social Assistance* was below the Michigan average.
- The region's manufacturing sector began to record job loss in late 1999 and early 2000, and job reductions have continued. In the Berrien-Cass-Van Buren region, *Manufacturing* lost over 6,000 jobs since 2000 or 22 percent of its workforce. Between 2004 and 2006, *Manufacturing* jobs fell by nearly 1,300. This was a major reason why total private payroll jobs in 2006 edged downward by about 700 or 0.8 percent below the level attained in 2004.
- Statewide, job loss was recorded at 42,700 over the period – representing a decline of 1.2 percent. The largest cuts were seen in *Manufacturing*, which lost 40,900 jobs (5.8 percent). *Construction*, *Information*, and *Management of Companies* also registered large declines over this period.

INDUSTRY JOB DISTRIBUTION (2ND QUARTER 2006)

- Despite the recent fall in manufacturing employment, this sector is still the single largest employer in the Berrien-Cass-Van Buren region, accounting for almost 27 percent of the area's job count of 79,380 in 2006. Around sixty-seven percent of private employment in the region is concentrated in five industries: *Manufacturing* (26.9 percent), *Retail Trade* (13.7 percent), *Health Care and Social Assistance* (11.6 percent), *Accommodation and Food Services* (10.3 percent), and *Administrative and Waste Services* (5.0 percent).
- The relative importance of the manufacturing sector to the Berrien-Cass-Van Buren region can be further illustrated by comparing the manufacturing job share to the job share of service sectors with positive job expansion since 2004 (*Professional and Business Services*, *Mining*, *Transportation and Warehousing*, *Administrative and Waste Services*, *Educational Services*, and *Health Care Services*). The combined employment in these service-based sectors with positive job gains accounted for only 24 percent of the region's total private employment, which is over 3 percentage points below the manufacturing job share. This strong dependence of the region on manufacturing employment makes it particularly vulnerable to the job cuts this sector has been experiencing since 2000.
- Nonfarm private payroll jobs are concentrated in Berrien County (68.5 percent or 54,300 jobs during the second quarter of 2006). Van Buren County's share is approximately 22 percent. Berrien County's regional job share has trended downward over the past seven years. Berrien's job share was over 70 percent in 2000. In contrast, Van Buren's job share has edged upward by two percentage points since 2000. Cass County's share remained stable at 9.6 percent over the period.

PROFILE OF REGIONAL INDUSTRIES

Growth Industries (Regional industries with faster than average employment growth)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Professional and Technical Services	2,890	\$769	+19.6%	+6.0%
Fabricated Metal Product Manufacturing	2,800	\$712	+15.4%	+6.4%
Machinery Manufacturing	3,085	\$989	+10.7%	+2.2%
Building Material and Garden Supply Stores	1,189	\$443	+10.6%	-0.2%
Credit Intermediation and Related Activities	1,823	\$658	+8.0%	-6.3%
Administrative and Support Services	3,681	\$549	+7.8%	+17.6%
Educational Services	1,304	\$554	+5.8%	+15.4%
Hospitals	3,586	\$699	+5.5%	+12.7%
Ambulatory Health Care Services	2,947	\$808	+4.5%	+6.3%
Electrical Equipment and Appliance Manufacturing *	P	P	P	P

* P – Protected from disclosure for confidentiality purposes.

Declining Industries (Regional industries with declining employment)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Transportation Equipment Manufacturing	2,979	\$791	-28.8%	+5.1%
Repair and Maintenance	914	\$567	-16.2%	+2.1%
Merchant Wholesalers, Nondurable Goods	966	\$685	-15.6%	+14.5%
Primary Metal Manufacturing	1,845	\$806	-13.6%	+7.6%
Insurance Carriers and Related Activities	707	\$847	-12.0%	+12.0%
Plastics and Rubber Products Manufacturing	1,619	\$650	-10.9%	+7.4%
Food Manufacturing	1,162	\$584	-7.8%	+10.9%
Nursing and Residential Care Facilities	1,923	\$398	-7.4%	-0.2%
Furniture and Related Product Manufacturing	1,038	\$629	-5.2%	+0.2%
Construction of Buildings	1,035	\$563	-4.8%	+7.4%

Core Industries (Region has a higher share of jobs in this industry than nationally)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Electrical Equipment and Appliance Manufacturing	P	P	P	P
Primary Metal Manufacturing	1,845	\$806	-13.6%	+7.6%
Crop Production	2,178	\$273	-4.7%	+7.9%
Utilities	1,865	\$1,781	-3.8%	+9.0%
Machinery Manufacturing	3,085	\$989	+10.7%	+2.2%
Plastics and Rubber Products Manufacturing	1,619	\$650	-10.9%	+7.4%
Furniture and Related Product Manufacturing	1,038	\$629	-5.2%	+0.2%
Fabricated Metal Product Manufacturing	2,800	\$712	+15.4%	+6.4%
Transportation Equipment Manufacturing	2,979	\$791	-28.8%	+5.1%
Gasoline Stations	1,033	\$317	-3.2%	+4.6%

* P – Protected from disclosure for confidentiality purposes.

Developing Industries (Region's share of jobs advancing faster than national average)

Industry	Jobs	Average Weekly Wage	Percent Change 2004-2006	
			Jobs	Weekly Wage
Electrical Equipment and Appliance Manufacturing	P	P	P	P
Computer and Electronic Product Manufacturing	875	\$865	+7.0%	+21.4%
Truck Transportation	721	\$747	+18.8%	+5.6%
Publishing Industries, Except Internet	595	\$504	+6.4%	-5.4%
Food and Beverage Stores	2,592	\$304	+2.7%	+2.5%
Building Material and Garden Supply Stores	1,189	\$443	+10.6%	-0.2%
Accommodation	796	\$237	+9.2%	+3.1%
General Merchandise Stores	2,178	\$358	+2.8%	+14.4%
Social Assistance	788	\$361	+10.8%	+5.5%
Educational Services	1,304	\$554	+5.8%	+15.4%

* P – Protected from disclosure for confidentiality purposes.

Competitive-Advantage Industries (Regional industries with a favorable combination of wage, employment change, and competitive employment performance vs. national trends)

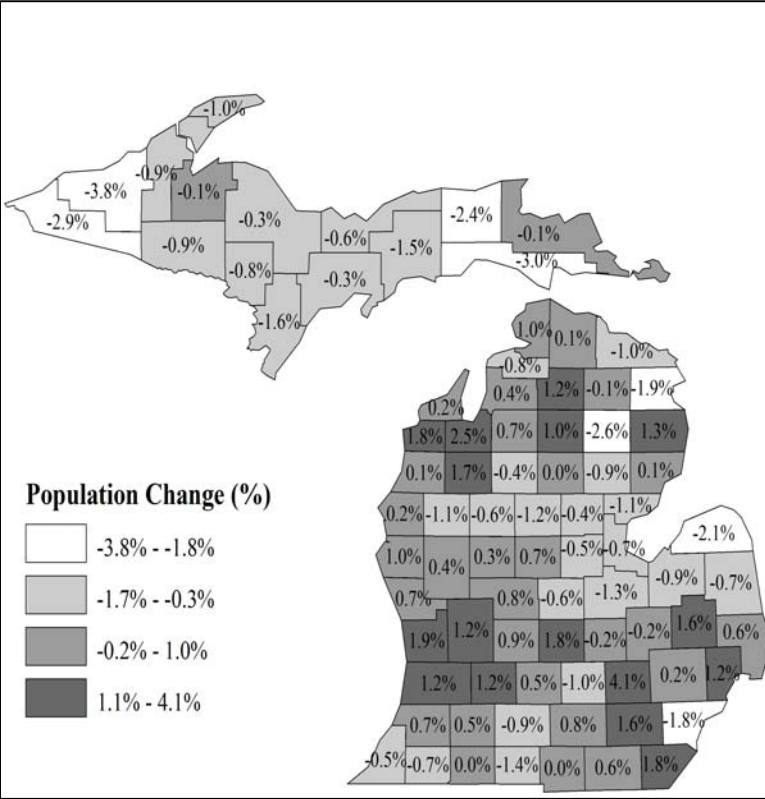
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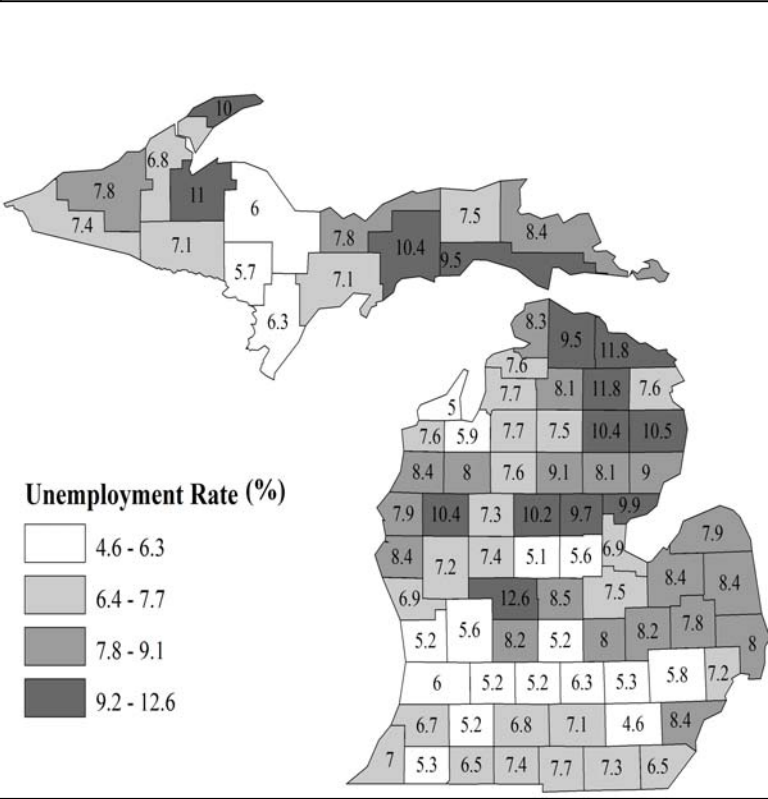
- One particular industry, *Electrical Equipment and Appliance Manufacturing*, displays positive employment growth, a higher share of jobs than the nation, faster job growth than the nation, and a competitive advantage. Some other industries such as *Machinery Manufacturing*, *Ambulatory Health Services*, and *Hospitals* present both a large employment base and considerable job growth between 2004 and 2006.
- Despite the troubles that the manufacturing sector has experienced since 2000, some segments of this sector are still growing and are important to the region's economy, such as *Machinery*, *Electrical Equipment and Appliance Manufacturing*, and *Fabricated Metals*. These three industries generated over 42 percent of the area's manufacturing jobs in 2006. Reinforcing the dependency of the region on the manufacturing sector is the fact that seven out of the top 10 core industries in the region (those with a higher share of jobs than nationally) are manufacturers.
- The location of the Whirlpool Corporation's headquarters in Benton Harbor has given this region a competitive edge in *Electrical Equipment and Appliance Manufacturing*. Whirlpool recently acquired its rival company, Maytag, and consolidated its Ohio headquarters in Benton Harbor, bringing many white-collar jobs to the area.
- The growth of employment recorded in the *Professional and Technical Services* industry is primarily due to job expansions at existing firms. In fact, the number of establishments in this sector contracted from 433 units in 2004 to 414 units in 2006 (second quarter). At the same time, jobs expanded by 19.6 percent (from 2,416 in 2004 to 2,890 in 2006).

APPENDIX I: MAPPING ECONOMIC TRENDS

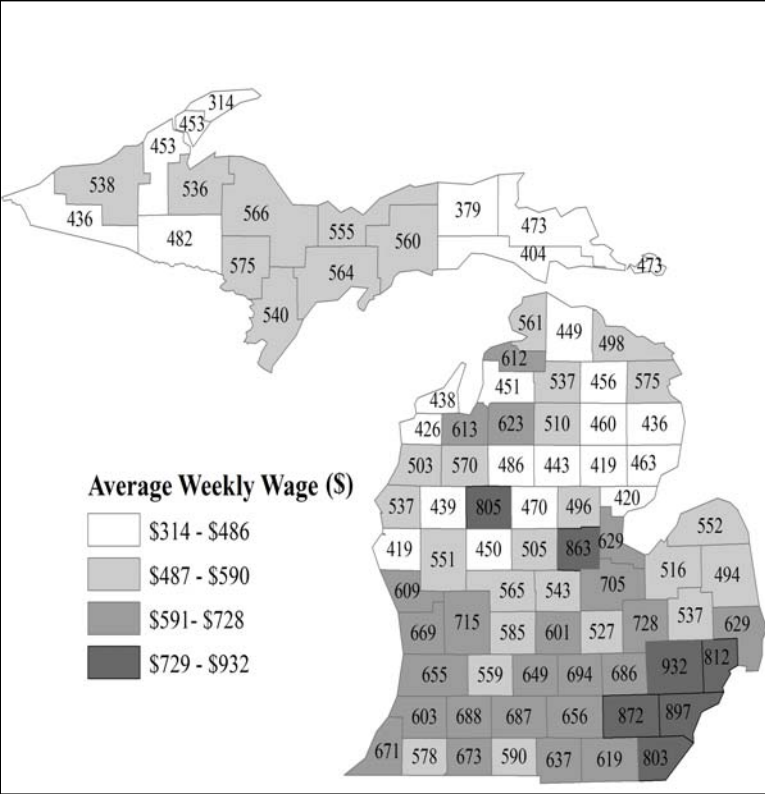
Map 1: Change in Population, 2004-2006



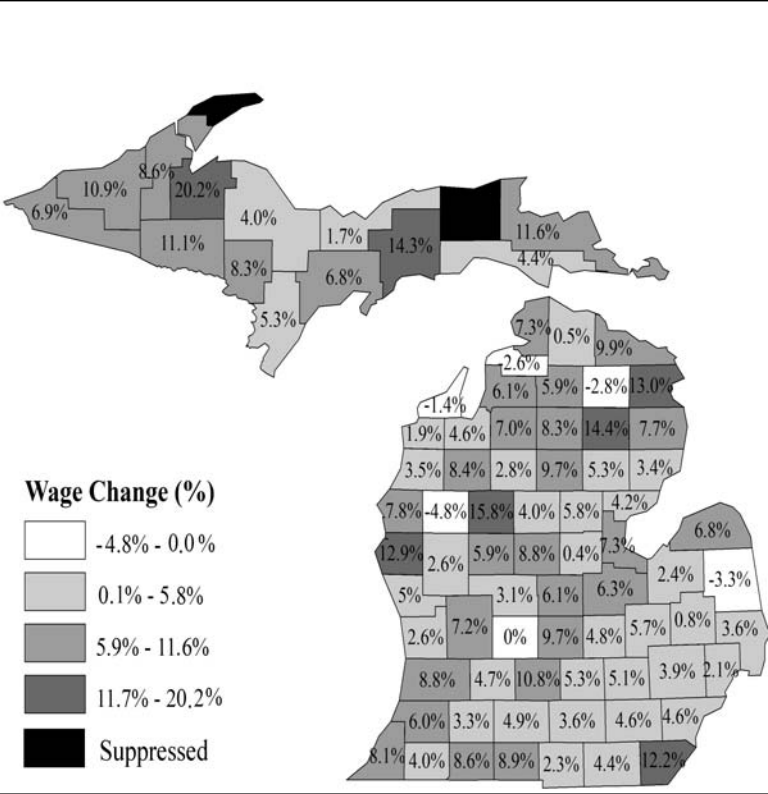
Map 2: Unemployment Rate, Average 2006



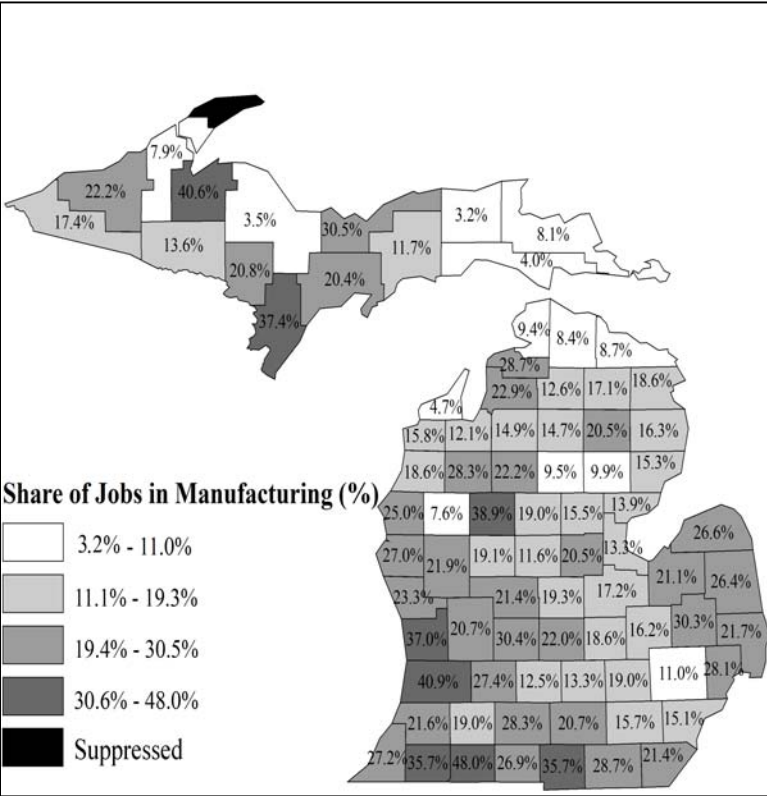
Map 3: Average Weekly Wage, 2006



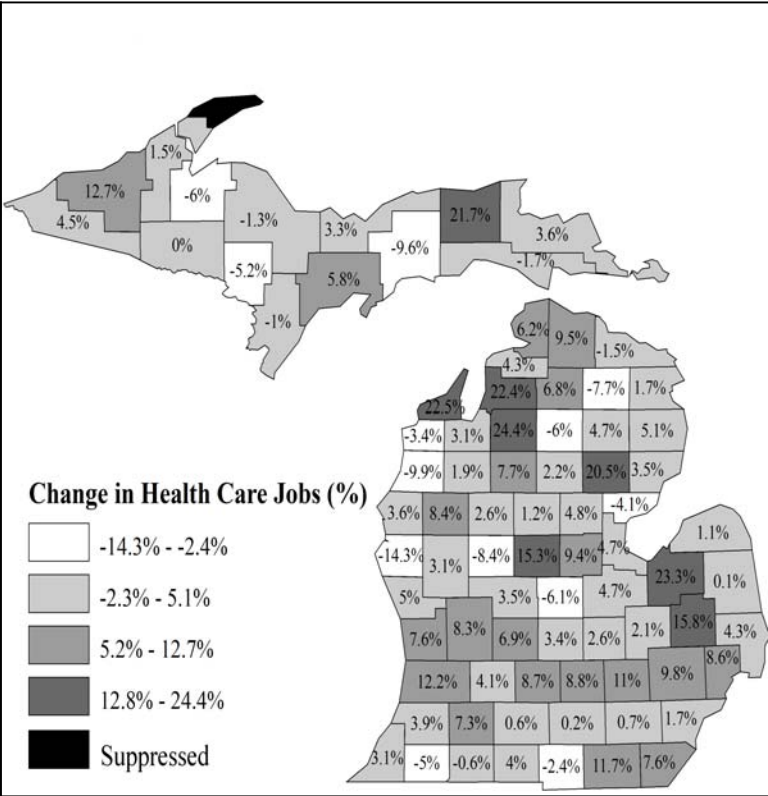
Map 4: Change in Avg. Weekly Wage, 2004-2006



Map 5: Percentage of Total Private Jobs in the Manufacturing Sector, 2006



Map 6: Change in Private Health Care & Social Assistance Sector Jobs, 2004 to 2006



Map Created by:
Michigan Department of Labor & Economic Growth
Bureau of Labor Market Information and Strategic Initiatives

